



Ventersdorp Local Municipality
Annual Financial Statements
for the year ended 30 June 2015

Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2015

General Information

Nature of business and principal activities	Providing municipal services
Mayoral committee	
Mayor	Cllr Phoyane CN
	Cllr Matome JM
	Cllr Motshabi T
Councillors	Cllr Motladiile JM
	Cllr Matinyane M
	Cllr Mjuleni MJ
	Cllr Qankase VW
	Cllr Moabi SN
	Cllr Matinyane WM
	Cllr Links JL
	Cllr Mogwata C
	Cllr Jones A
Grading of local authority	Five (5)
Accounting Officer	JK Mashigo Acting Municipal Manager
Chief Finance Officer (CFO)	MI Moruti
Registered office	No.1 Van Tonder Crescent Ventersdorp 2710
Business address	No.1 Van Tonder Crescent Ventersdorp 2710
Postal address	Private Bag X 1010 Ventersdorp 2710
Bankers	ABSA Bank Limited
Auditors	The Office of the Auditor General 124 Kock Street Rustenburg 0030
Attorneys	Van Rensburg Attorneys De Swadt Vogel Myambo Attorneys VA Mazabane Attorneys Waks Silent Attorneys Raborifi. R. Inc Attorneys LB Inc Attorneys Mokonyane Inc Attorneys

Ventersdorp Local Municipality

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Abbreviations

DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

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Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2016 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the Municipal Demarcation Board intention to incorporate the Ventersdorp Local Municipality into Tlokwe Local Municipality .

The accounting officer is primarily responsible for the financial affairs of the municipality.

The annual financial statements set out on pages 5 to 70, which have been prepared on the going concern basis, were approved by the accounting officer on 01 March 1900 and were signed on its behalf by:

Accounting Officer
JK Mashigo

Ventersdorp Local Municipality

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Audit Committee Report

We are pleased to present our report for the financial year ended 30 June 2015.

Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet 6 times per annum as per its approved terms of reference. During the current year 6 number of meetings were held.

Name of member	Number of meetings attended
R Kenosi- (Chairperson)	5
R Visser	5
I Motala	5
T. Chiloane	Resigned in December 2015
S. Mahlathini	2 - (Appointed in April 2015)
B. Ngobeni	5
Itumeleng Louis	2 - (Appointed in April 2015)
R. Mnisi	2 - (Appointed in April 2015)
D. Matshoba	2 - (Appointed in April 2015)

Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 38(10)(1) of the PFMA and Treasury Regulation 3.1.

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

Evaluation of annual financial statements

The audit committee has:

- reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General and the accounting officer;
- reviewed the Auditor-General of South Africa's management report and management's response thereto;
- reviewed changes in accounting policies and practices (delete if not applicable);
- reviewed the entities compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.

The audit committee concur with and accept the Auditor-General of South Africa's report the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

Internal audit

The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the municipality and its audits.

Auditor-General of South Africa

The audit committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

Chairperson of the Audit Committee

Date: _____

Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2015.

1. Review of activities

Main business and operations

The municipality is engaged in providing municipal services and operates principally in the North West Province in South Africa.

The operating results and state of affairs of the municipality are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

2. Going concern

We draw attention to the fact that at 30 June 2015, the municipality had accumulated surplus of R 449 025 996 and that the municipality's total assets exceed its liabilities by R 449 025 996.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality

3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year.

4. Accounting Officer's interest in contracts

None.

5. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is Mr JK Mashigo - Acting Municipal Manager.

Name
JK Mashigo

Nationality
South African

Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Statement of Financial Position as at 30 June 2015

Figures in Rand	Note(s)	2015	2014
Assets			
Current Assets			
Inventories	3	3 068 546	24 268 020
Receivables from exchange transactions	5	937 449	133 097
Receivables from non-exchange transactions	6	68 594 266	9 540 293
VAT receivable	7	12 565 315	11 359 003
Consumer debtors	8	43 944 697	35 434 637
Cash and cash equivalents	9	42 759	9 285 767
		129 153 032	90 020 817
Non-Current Assets			
Investment property	10	44 141 199	44 141 199
Property, plant and equipment	11	476 650 115	482 676 937
Intangible assets	12	62 844	251 495
Other financial assets	4	210 509	203 627
		521 064 667	527 273 258
Non-Current Assets		521 064 667	527 273 258
Current Assets		129 153 032	90 020 817
Non-current assets held for sale (and) (assets of disposal groups)		-	-
Total Assets		650 217 699	617 294 075
Liabilities			
Current Liabilities			
Payables from exchange transactions	16	109 485 482	88 459 225
Consumer deposits	17	1 280 315	1 152 332
Unspent conditional grants and receipts	18	13 830 593	12 041 167
Other liability		-	2 592 566
		124 596 390	104 245 290
Non-Current Liabilities			
Other financial liabilities	15	411 629	545 551
Employee benefit obligation	13	3 337 000	3 978 000
Provisions	19	72 846 684	4 741 690
		76 595 313	9 265 241
Non-Current Liabilities		76 595 313	9 265 241
Current Liabilities		124 596 390	104 245 290
Liabilities of disposal groups		-	-
Total Liabilities		201 191 703	113 510 531
Assets		650 217 699	617 294 075
Liabilities		(201 191 703)	(113 510 531)
Net Assets		449 025 996	503 783 544
Accumulated surplus		449 025 996	503 783 544

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Annual Financial Statements for the year ended 30 June 2015

Statement of Financial Performance

Figures in Rand	Note(s)	2015	2014
Revenue			
Service charges	22	50 147 343	43 859 228
Rental of facilities and equipment		70 421	100 542
Licences and permits		2 644 793	2 629 818
Other income	24	682 797	506 519
Interest received - investment	25	642 670	687 059
Fines		31 370 047	5 817 636
Property rates	21	8 683 903	5 458 424
Government grants & subsidies	23	87 831 249	96 438 072
Total revenue		182 073 223	155 497 298
Expenditure			
Employee related costs	26	(40 922 360)	(36 320 558)
Remuneration of councillors	27	(3 383 679)	(3 176 616)
Increase/(decrease) in provisions	28	(68 561 284)	1 082 862
Depreciation and amortisation	29	(26 040 335)	(27 561 452)
Finance costs	30	(5 527 476)	(3 259 451)
Provision - bad debts	31	(5 440 079)	(2 171 039)
Repairs and maintenance		(4 827 333)	(5 107 688)
Bulk purchases	33	(38 812 621)	(34 389 634)
Contracted services	32	(6 482 406)	(5 199 959)
General Expenses	34	(22 853 699)	(36 174 564)
Total expenditure		(222 851 272)	(152 278 099)
		-	-
Total revenue		182 073 223	155 497 298
Total expenditure		(222 851 272)	(152 278 099)
Operating (deficit) surplus		(40 778 049)	3 219 199
Fair value adjustments		7 066	2 699 679
(Deficit) surplus before taxation		(40 770 983)	5 918 878
Taxation		-	-
(Deficit) surplus for the year		(40 770 983)	5 918 878

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Statement of Changes in Net Assets

Figures in Rand	Other NDR	Accumulated surplus	Total net assets
Balance at 01 July 2013 as restated	156 314	497 864 666	498 020 980
Changes in net assets			
Surplus for the year	-	5 918 878	5 918 878
Total changes	-	5 918 878	5 918 878
Balance at 01 July 2014 as restated	-	489 796 979	489 796 979
Changes in net assets			
Surplus for the year	-	(40 770 983)	(40 770 983)
Total changes	-	(40 770 983)	(40 770 983)
Balance at 30 June 2015	-	449 025 996	449 025 996
Note(s)	14		

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Cash Flow Statement

Figures in Rand	Note(s)	2015	2014
Cash flows from operating activities			
Receipts			
Cash receipts from customers		50 147 343	54 722 032
Grants		82 712 523	87 566 000
Interest income		638 339	687 059
		<u>133 498 205</u>	<u>142 975 091</u>
Payments			
Employee costs		(44 069 278)	(39 497 176)
Suppliers		(76 789 196)	(59 015 052)
Finance costs		(13 988 395)	(3 259 451)
		<u>(117 932 212)</u>	<u>(15 217 331)</u>
Total receipts		133 498 205	142 975 091
Total payments		(117 932 212)	(15 217 331)
Net cash flows from operating activities	35	15 565 993	127 757 760
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(24 675 079)	(108 060 351)
Purchase of investment property	10	-	(18 962 865)
Purchase of other intangible assets	12	-	(99 889)
Net cash flows from investing activities		(24 675 079)	(127 123 105)
Cash flows from financing activities			
Movement of other financial liabilities		(133 922)	(2 059 692)
Net cash flows from financing activities		(133 922)	(2 059 692)
Net increase/(decrease) in cash and cash equivalents		(9 243 008)	(1 425 037)
Cash and cash equivalents at the beginning of the year		9 285 767	10 710 804
Cash and cash equivalents at the end of the year	9	42 759	9 285 767

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Annual Financial Statements for the year ended 30 June 2015

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	59 873 000	(2 108 000)	57 765 000	50 147 343	(7 617 657)	Incorrect tariffs were used during the year.
Rental of facilities and equipment	82 000	6 000	88 000	70 421	(17 579)	Estimated rental was set lower than expected
Licences and permits	2 482 000	(967)	2 481 033	2 644 793	163 760	More licence and permits sold during the course of the year.
Other income - (rollup)	412 000	224 000	636 000	682 797	46 797	Projections was made in anticipation of collection of outstanding debtors.
Interest received - investment	356 000	9 000	365 000	642 670	277 670	More funds was invested that anticipated
Total revenue from exchange transactions	63 205 000	(1 869 967)	61 335 033	54 188 024	(7 147 009)	
Revenue from non-exchange transactions						
Taxation revenue						
Fines	5 280 000	-	5 280 000	31 370 047	26 090 047	implementation of IGRAP
Property rates	8 756 000	507 000	9 263 000	8 683 903	(579 097)	Correction of rates tariff resulted in the decreased amount budgeted
Government grants & subsidies	60 508 000	-	60 508 000	87 831 249	27 323 249	Inclusion of capital grants increased the grant funding
Total revenue from non-exchange transactions	74 544 000	507 000	75 051 000	127 885 199	52 834 199	
'Total revenue from exchange transactions'	63 205 000	(1 869 967)	61 335 033	54 188 024	(7 147 009)	
'Total revenue from non-exchange transactions'	74 544 000	507 000	75 051 000	127 885 199	52 834 199	
Total revenue	137 749 000	(1 362 967)	136 386 033	182 073 223	45 687 190	

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Expenditure						
Personnel	(43 001 000)	(1 722)	(43 002 722)	(40 922 360)	2 080 362	
Remuneration of councillors	(3 433 000)	3 433 000	-	(3 383 679)	(3 383 679)	
Increase/(decrease) in provisions	-	-	-	(68 561 284)	(68 561 284)	Life span of the landfill site decreased dramatically. Therefore movement in credit.
Depreciation and amortisation	-	-	-	(26 040 335)	(26 040 335)	Calculation of depreciation after undundling
Finance costs	(1 142 000)	1 142 000	-	(5 527 476)	(5 527 476)	Calculation of prior year Inca interest charge
Debt impairment	(3 000 000)	3 000 000	-	(5 440 079)	(5 440 079)	Reduction is impairment of debtors in the current year due to debtors arrangements and payments.
Repairs and maintenance	(7 992 000)	(104 000)	(8 096 000)	(4 827 333)	3 268 667	Spending on repairing aging infrastructure was not done as expected
Bulk purchases	(43 381 000)	-	(43 381 000)	(38 812 621)	4 568 379	
Contracted Services	(6 585 000)	(12 000)	(6 597 000)	(6 482 406)	114 594	Some contracts expired and not renewed
General Expenses	(24 861 000)	(1 047 000)	(25 908 000)	(22 853 699)	3 054 301	Provision of alternative energy to indigents increased
Total expenditure	(133 395 000)	6 410 278	(126 984 722)	(222 851 272)	(95 866 550)	
	137 749 000	(1 362 967)	136 386 033	182 073 223	45 687 190	
	(133 395 000)	6 410 278	(126 984 722)	(222 851 272)	(95 866 550)	
Operating deficit	4 354 000	5 047 311	9 401 311	(40 778 049)	(50 179 360)	
Fair value adjustments	-	-	-	7 066	7 066	Adjustment due to GRAP 16 Implementation - Investment Property.
	4 354 000	5 047 311	9 401 311	(40 778 049)	(50 179 360)	
	-	-	-	7 066	7 066	
Deficit before taxation	4 354 000	5 047 311	9 401 311	(40 770 983)	(50 172 294)	
Surplus before taxation	4 354 000	5 047 311	9 401 311	(40 770 983)	(50 172 294)	
Taxation	-	-	-	-	-	

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	4 354 000	5 047 311	9 401 311	(40 770 983)	(50 172 294)	

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Inventories	400 000	-	400 000	3 068 546	2 668 546	Included in the Actual figure is the unsold Property held for resale
Receivables from exchange transactions	-	-	-	937 449	937 449	
Receivables from non-exchange transactions	35 000 000	-	35 000 000	68 594 266	33 594 266	Property rates Debt increase as the consumers struggle to pay there debt in time.
VAT receivable	-	-	-	12 565 315	12 565 315	VAT 201 Returns still refundable by SARS.And it includes VAT on Creditors
Consumer debtors	30 000 000	-	30 000 000	43 944 697	13 944 697	The Debtors of the municipality is long outstanding and the consumers struggle to pay their debt in time.
Cash and cash equivalents	500 000	571 000	1 071 000	42 759	(1 028 241)	Payment of Creditors and conditional grants.
	65 900 000	571 000	66 471 000	129 153 032	62 682 032	
Non-Current Assets						
Investment property	-	-	-	44 141 199	44 141 199	GRAP 16 Implementation
Property, plant and equipment	310 000 000	80 000	310 080 000	476 650 115	166 570 115	GRAP 17 Implementation
Intangible assets	-	-	-	62 844	62 844	Implementation of GRAP 102
Other financial assets	-	-	-	210 509	210 509	
	310 000 000	80 000	310 080 000	521 064 667	210 984 667	
Non-Current Assets	65 900 000	571 000	66 471 000	129 153 032	62 682 032	
Current Assets	310 000 000	80 000	310 080 000	521 064 667	210 984 667	
Non-current assets held for sale (and) (assets of disposal groups)	-	-	-	-	-	
Total Assets	375 900 000	651 000	376 551 000	650 217 699	273 666 699	

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Liabilities						
Current Liabilities						
Payables from exchange transactions	51 963 000	6 128 000	58 091 000	109 485 482	51 394 482	The Municipality has cashflow problems and payables are not pyed within the 30 day limit. Therefore payables increase yearly.
Consumer deposits	1 200 000	(1 200 000)	-	1 280 315	1 280 315	More households were connected during the year and the Deposit was paid
Unspent conditional grants and receipts	11 963 000	(3 872 000)	8 091 000	13 830 593	5 739 593	Late implementation of Capital Projects resulted in low spending.
	65 126 000	1 056 000	66 182 000	124 596 390	58 414 390	
Non-Current Liabilities						
Other financial liabilities	-	-	-	411 629	411 629	
Employee benefit obligation	-	-	-	3 337 000	3 337 000	GRAP 25 Evaluation
Provisions	-	-	-	72 846 684	72 846 684	Long service Bonus increased during the year..
	-	-	-	76 595 313	76 595 313	
	65 126 000	1 056 000	66 182 000	124 596 390	58 414 390	
	-	-	-	76 595 313	76 595 313	
	-	-	-	-	-	
Total Liabilities	65 126 000	1 056 000	66 182 000	201 191 703	135 009 703	
Assets	375 900 000	651 000	376 551 000	650 217 699	273 666 699	
Liabilities	(65 126 000)	(1 056 000)	(66 182 000)	(201 191 703)	(135 009 703)	
Net Assets	310 774 000	(405 000)	310 369 000	449 025 996	138 656 996	

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	-	-	-	449 025 997	449 025 997	Prior Year adjustments mainly on PPE and Inventory increased the accumulated surplus.

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Annual Financial Statements for the year ended 30 June 2015

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Sale of goods and services	44 328 000	7 450 000	51 778 000	41 904 162	(9 873 838)	Implementation Debt Collection Policy was not effective
Grants	90 326 000	14 680 000	105 006 000	96 438 072	(8 567 928)	National Treasury withheld third tranche of the Equitable Share
	134 654 000	22 130 000	156 784 000	138 342 234	(18 441 766)	
Payments						
Employee costs	(23 103 000)	(2 676 000)	(25 779 000)	(39 497 619)	(13 718 619)	
Suppliers	(106 149 000)	(24 594 000)	(130 743 000)	(57 745 160)	72 997 840	Provision was made for outstanding ESKOM and Water Accounts
	(129 252 000)	(27 270 000)	(156 522 000)	(97 242 779)	59 279 221	
Total receipts	134 654 000	22 130 000	156 784 000	138 342 234	(18 441 766)	
Total payments	(129 252 000)	(27 270 000)	(156 522 000)	(97 242 779)	59 279 221	
Net cash flows from operating activities	5 402 000	(5 140 000)	262 000	41 099 455	40 837 455	
Net increase/(decrease) in cash and cash equivalents	5 402 000	(5 140 000)	262 000	41 099 455	40 837 455	
Cash and cash equivalents at the end of the year	5 402 000	(5 140 000)	262 000	41 099 455	40 837 455	

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Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period, except for the changes set out in note First-time adoption of Standards of GRAP.

1.1 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

1.2 GRAP 24: Presentation of Budget information

The municipality is required to present a comparison of the budget amounts for which it is held publicly accountable. The comparison of budget and actual amounts present separately for each level of legislative oversight:

- the approved and final budget
- the actual amounts on a comparative basis.

1.3 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables and/or loans and receivables

The municipality assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, management makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Allowance for slow moving, damaged and obsolete stock

An allowance is made for slow-moving, damaged and obsolete inventory to write inventory down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the statement of financial performance.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 19 - Provisions.

Provisions are measured using management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to the present value where the effect is material.

Useful lives of waste and water network and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 13.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.4 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Ventersdorp Local Municipality

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Accounting Policies

1.4 Investment property (continued)

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations, are as follows:

1.5 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.5 Property, plant and equipment (continued)

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for X,X and X which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Ventersdorp Local Municipality

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Accounting Policies

1.5 Property, plant and equipment (continued)

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited in revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Buildings	
• Buildings	25-30 years
• Improvements	25-30 years
• Recreational facilities	20-30 years
Infrastructure	
• Roads and Paving	30 years
• Pedestrian malls	15-30 years
• Electricity	20-30 years
Other property, plant and equipment	
• Specialist Vehicles	5-10 years
• Other Vehicles	4-7 years
• Office Equipment	3-7 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

Ventersdorp Local Municipality

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Accounting Policies

1.6 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

1.7 Financial instruments

1.8 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.8 Leases (continued)

Finance leases - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.9 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.9 Inventories (continued)

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.10 Housing development fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

1.11 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance.

1.12 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

1.13 Segmental information

Segmental information on property, plant and equipment, as well as income and expenditure, is set out in Appendices C and D, based on the International Government Financial Statistics classifications and the budget formats prescribed by National Treasury. The municipality operates solely in its area of jurisdiction as determined by the Demarcation Board.

Segment information is prepared in conformity with the accounting policies applied for preparing and presenting the financial statements.

1.14 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisation's (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2013-07-01 to 2014-06-30.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

The Statement of comparative and actual information has been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury.

The annual financial statements and the budget are not on the same basis of accounting therefore a reconciliation between the statement of financial performance and the budget have been included in the annual financial statements. Refer to note .

Ventersdorp Local Municipality

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Accounting Policies

1.15 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the local sphere of government are considered to be related parties.

Related party disclosures for transactions between government entities that took place on terms and conditions that are considered to be at arms length and in the ordinary course of business are not disclosed in accordance with IPSAS 20 Related Party Disclosure.

Key management is defined as being individuals with the authority and responsibility for planning, directing and controlling the activities of the entity. We regard all individuals from the level of Accounting Officer and Council members as well as managers and directors reporting directly to the municipal manager as key management per the definition of the financial reporting standard.

Close family members of key management personnel are considered to be those family members who may be expected to influence, or to be influenced by key management individuals, in their dealings with the entity.

1.16 Capital Commitments

Items are classified as commitments where the Municipality commits itself to future transactions that will normally result in the outflow of resources.

Capital commitments are not recognised in the statement of financial position as a liability but are included in the disclosure notes in the following cases:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP.
- Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date.
- Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure notes to the financial statements.
- Other commitments for contracts are be non-cancellable or only cancellable at significant cost contracts should relate to something other than the business of the municipality.

1.17 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Ventersdorp Local Municipality

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Accounting Policies

1.17 Impairment of cash-generating assets (continued)

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Accounting Policies

1.17 Impairment of cash-generating assets (continued)

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Accounting Policies

1.17 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.18 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

Ventersdorp Local Municipality

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Accounting Policies

1.18 Impairment of non-cash-generating assets (continued)

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Restoration cost approach

Restoration cost is the cost of restoring the service potential of an asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

Service units approach

The present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. The current cost of replacing the remaining service potential of the asset before impairment is determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Ventersdorp Local Municipality

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Accounting Policies

1.18 Impairment of non-cash-generating assets (continued)

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.19 Employee benefits

1.20 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Ventersdorp Local Municipality

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Accounting Policies

1.20 Provisions and contingencies (continued)

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of a activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 37.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and

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Accounting Policies

1.20 Provisions and contingencies (continued)

- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.21 Revenue from exchange transactions

Revenue consists primarily of grants from National- and Provincial Government, services charges, rentals, interest received and other services rendered.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

When considering the probability of the future economic benefits that will flow to the entity, consideration is given to the requirements as outlined in IGRAP 1.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

Rendering of services consist out of solid waste, sanitation, sewerage and water.

Ventersdorp Local Municipality

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Accounting Policies

1.21 Revenue from exchange transactions (continued)

Interest

Revenue arising from the use by others of entity assets yielding interest is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.22 Revenue from non-exchange transactions

1.23 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.24 Borrowing costs

1.25 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.26 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.27 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.28 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008), in the absence of guidelines in terms of Municipal Finance Management Act (Act No. 56 of 2003):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Ventersdorp Local Municipality

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Accounting Policies

1.28 Irregular expenditure (continued)

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.29 Use of estimates

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.30 Events after reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the annual financial statements. The events after the reporting date that are classified as non adjusting events after the reporting date have been disclosed in the notes to the annual financial statements.

Ventersdorp Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2015	2014
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2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Ventersdorp Local Municipality

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2. New standards and interpretations (continued)

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2015 or later periods:

2.3 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2015 or later periods but are not relevant to its operations:

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3. Inventories

Consumable stores	865 509	342 923
Water	37	37
Unsold Properties Held for Resale	2 203 000	23 925 060
	3 068 546	24 268 020

Inventories recognised as an expense during the year - 440 662

Inventory pledged as security

No inventory was pledged as security for any financial liability.

4. Other financial assets

Designated at fair value

Listed shares	70 830	66 289
Old Mutual - Investment Plan	139 679	137 338
	139 679	137 338
	210 509	203 627
	210 509	203 627
	-	-
	-	-

Non-current assets

Designated at fair value	210 509	203 627
Non-current assets	210 509	203 627
Current assets	-	-

Financial assets at fair value

Available-for-sale financial assets are recognised at fair value, unless they are unlisted equity instruments and the fair value cannot be determined using other means, in which case they are measured at cost. Fair value information was provided for these financial assets.

The following classes of available-for-sale financial assets are measured to fair value using quoted market prices:

Class 1	70 830	66 289
Details of Listed Shares:		
Sanlam - 778 shares		
Senwes Ltd - 977 shares		
Senwes Bel Ltd - 1497 shares		
Class 2	139 679	137 338
	210 509	203 627

Ventersdorp Local Municipality

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4. Other financial assets (continued)

Fair value hierarchy of financial assets at fair value

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements. The fair value hierarchy have the following levels:

Level 1 represents those assets which are measured using unadjusted quoted prices in active markets for identical assets.

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 applies inputs which are not based on observable market data.

Level 1

Class 1 (e.g. FEC's)

Class 2

70 830	66 289
139 679	137 338
210 509	203 627
210 509	203 627
-	-
-	-

Renegotiated terms

None of the financial assets that are fully performing have been renegotiated in the last year.

5. Receivables from exchange transactions

Contour: Pre paid Sales (Vendors)

Other receivables - Orion

937 449	125 651
-	7 446
937 449	133 097

Receivables from exchange transactions pledged as security

None of the receivables from exchange transactions were pledged as security for any financial liability.

Credit quality of receivables from exchange transactions

The credit quality of receivables from exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

6. Receivables from non-exchange transactions

Eskom Deposits

Department of Safety - Licence fees

Other

Rates

Traffic Fines

3 366 779	3 165 524
(74 866)	118 796
10 718 574	137 622
10 680 468	6 118 351
43 903 311	-
68 594 266	9 540 293

Receivables from non-exchange transactions pledged as security

None of the receivables from non-exchange transactions were pledged as security for any financial liability.

Credit quality of receivables from non-exchange transactions

The credit quality of other receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

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Figures in Rand	2015	2014
6. Receivables from non-exchange transactions (continued)		
Rates - Ageing		
Opening balance	11 833 114	6 118 351
Provision for impairment	(1 152 646)	1 168 168
Amounts written off as uncollectible	-	245 294
Unused amounts reversed	-	4 301 301
	10 680 468	11 833 114
7. VAT receivable		
VAT	12 565 315	11 359 003
The Municipality is registered on the cash basis for VAT purposes. This means that VAT is only paid once cash is received or actual payments are made.		
8. Consumer debtors		
Gross balances		
Electricity	25 350 818	18 925 699
Water	7 752 718	5 672 815
Sewerage	12 612 762	9 437 573
Refuse	8 803 679	6 573 701
Debtors interest	5 079	5 079
Other	2 071	2 071
Sundry debtors	7 024 122	6 984 170
	61 551 249	47 601 108
Less: Allowance for impairment		
Electricity	(6 030 030)	(4 837 261)
Water	(1 807 449)	(1 449 927)
Sewerage	(5 101 447)	(2 412 170)
Refuse	(971 418)	(1 680 186)
Debtors interest	(2 278)	(1 298)
Sundry debtors	(3 693 930)	(1 785 629)
	(17 606 552)	(12 166 471)
Net balance		
Electricity	19 320 788	14 088 438
Water	5 945 269	4 222 888
Sewerage	7 511 315	7 025 403
Refuse	7 832 261	4 893 515
Debtors interest	2 801	3 781
Other	2 071	2 071
Sundry debtors	3 330 192	5 198 541
	43 944 697	35 434 637
Electricity		
Current (0 -30 days)	3 165 217	3 486 131
31 - 60 days	1 010 333	1 239 554
61 - 90 days	715 187	1 005 153
91 - 120 days	20 552 882	13 194 860
	25 443 619	18 925 698

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8. Consumer debtors (continued)		
Water		
Current (0 -30 days)	239 078	186 093
31 - 60 days	295 299	100 120
61 - 90 days	442 592	114 712
91 - 120 days	6 780 553	5 271 891
	7 757 522	5 672 816
Sewerage		
Current (0 -30 days)	378 608	348 670
31 - 60 days	332 889	275 935
61 - 90 days	330 414	261 510
91 - 120 days	11 570 851	8 551 458
	12 612 762	9 437 573
Refuse		
Current (0 -30 days)	234 916	212 581
31 - 60 days	219 617	174 120
61 - 90 days	219 406	166 431
91 - 120 days	8 129 740	6 020 569
	8 803 679	6 573 701
Regional services levies		
91 - 120 days	5 079	5 079
Housing rental		
91 - 120 days	2 071	2 071
Other (specify)		
Current (0 -30 days)	-	19 058
31 - 60 days	726	67 956
61 - 90 days	21 933	7 917
91 - 120 days	3 671 271	6 889 239
	3 693 930	6 984 170
Reconciliation of allowance for impairment		
Balance at beginning of the year	(12 166 471)	(10 238 190)
Contributions to allowance	(3 000 000)	(2 171 037)
Debt impairment written off against allowance	(2 440 079)	242 756
	(17 606 550)	(12 166 471)

Consumer debtors pledged as security

None of the debtors were pledged as security for any financial liability.

None of the financial assets that are fully performing have been renegotiated in the last year.

Interest on consumer accounts

No interest is charged / levied on arrear consumer (debtors) accounts.

Ventersdorp Local Municipality

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8. Consumer debtors (continued)

Consumer debtors impaired

As of 30 June 2015, consumer debtors of R1 R 17,606,550 (2014: R 12 166 471) were impaired and provided for. In determining the recoverability of a consumer debtor, the municipality considers any change in the credit quality of the trade receivable from the date credit was granted up to end of the reporting period.

Debtors with credit balances

Included in Consumer Debtors are credit balances amounting to R 3,838,045 (2013: R2,230,030). This related to payments made in advance by consumers.

9. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	3 640	3 840
Bank balances	15 091	1 070 593
Short-term deposits	24 028	8 211 334
	42 759	9 285 767

Additional disclosure:

There is a deposit account called "DIE PERDBEELD PROJEK" at ABSA with account number 20-2433-0721. This account has not been disclosed in this Annual Financial Statements figures as the bank could not provide copies of original signatories at the opening of the account. It is however believed that Council has full control over the funds as statements are sent to the Council's postal address. Balance R47,828 (2014: R47,446)

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings, if available.

Short term deposits

Short term fixed deposits consists of:

Credit rating

CALL ACC : FNB 62-4199-214-17	3 770	276 486
CALL ACC : FNB 62-4199-149-91	20 257	7 934 848
	24 027	8 211 334

Ventersdorp Local Municipality

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9. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2015	30 June 2014	30 June 2013	30 June 2015	30 June 2014	30 June 2013
ABSA BANK - Ventersdorp branch - Primary Account- Account Number 22-5000-0017	29 015	10 969	-	-	10 090	-
ABSA BANK - Ventersdorp branch - TMT Account- Account Number 91-1105-1672	1 171	2 500	-	-	2 500	-
FNB BANK - Ventersdorp branch - Primary Account- Account Number 62-4132-46-241	539 189	951 502	-	-	(8 955 841)	-
FNB BANK - Ventersdorp branch - Fines Account- Account Number 62-4134-54-133	19 967	105 622	-	-	105 622	-
Total	589 342	1 070 593	-	-	(8 837 629)	-

Ventersdorp Local Municipality

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10. Investment property

	2015			2014		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	44 141 199	-	44 141 199	44 141 199	-	44 141 199

Reconciliation of investment property - 2015

	Opening balance	Total
Investment property	44 141 199	44 141 199

Reconciliation of investment property - 2014

	Opening balance	Additions	Transfers	Fair value adjustments	Total
Investment property	-	18 962 865	10 885 043	14 293 291	44 141 199

Pledged as security

No investment property was pledged as security for any financial liability.

Investment properties are land/buildings held to earn rental income or for capital appreciation

Investment properties were valued using the fair value model in line with GRAP 16 requirements. The investment properties were valued as at 30 June 2015 by independent professional valuers.

Rental income from investment property in the reporting year that was recognised in surplus/(deficit) totalled R 0 (2013: R 0).

There were no direct operating costs relating to investment property.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Ventersdorp Local Municipality

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2014

11. Property, plant and equipment

	2015			2014		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land and Buildings	167 626 436	(76 701 290)	90 925 146	161 750 325	(69 675 305)	92 075 020
Infrastructure	610 807 902	(257 205 233)	353 602 669	592 008 933	(238 198 315)	353 810 618
Other property, plant and equipment	6 937 196	(4 422 263)	2 514 933	15 215 214	(6 100 914)	9 114 300
WIP Infrastructure	13 191 536	-	13 191 536	26 642 033	-	26 642 033
WIP Land and Buildings	16 415 831	-	16 415 831	1 034 966	-	1 034 966
Total	814 978 901	(338 328 786)	476 650 115	796 651 471	(313 974 534)	482 676 937

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Transfers	Depreciation	Total
Land and Buildings	92 075 020	5 876 111	-	(7 025 985)	90 925 146
Infrastructure	353 810 618	18 798 968	-	(19 006 917)	353 602 669
Other property, plant and equipment	4 692 036	-	(1 128 608)	(1 048 495)	2 514 933
WIP Infrastructure	26 642 033	-	-	-	13 191 536
WIP Land and Buildings	1 034 966	-	-	-	16 415 831
	478 254 673	24 675 079	(1 128 608)	(27 081 397)	476 650 115

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Depreciation	Total
Land and Buildings	98 540 442	-	(6 997 572)	92 075 020
Infrastructure	302 621 315	69 518 587	(18 329 283)	353 810 618
Other property, plant and equipment	8 511 443	1 034 966	-	9 114 300
WIP Infrastructure	60 220 946	37 506 798	-	26 642 033
	469 894 146	108 060 351	(25 326 855)	481 641 971

Pledged as security

No property, plant and equipment asset was pledged as security for any financial liability.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

12. Intangible assets

	2015			2014		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	62 844	-	62 844	251 495	-	251 495

Reconciliation of intangible assets - 2015

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11. Property, plant and equipment (continued)

	Opening balance	Transfers	Total
Computer software, other	251 495	(188 651)	62 844

Reconciliation of intangible assets - 2014

	Opening balance	Additions	Total
Computer software, other	151 606	99 889	251 495

Pledged as security

No Intangible assets were pledged as security for any financial liability.

The intangible assets include software packages for accounting and operational functions. There are no internally generated intangible assets for the Municipality.

13. Employee benefit obligations

Defined benefit plan

The Municipality offers employees and continuation members (pensioners) the opportunity of belonging to one of several medical aid schemes, most of which offer a range of options pertaining to levels of cover. Upon retirement, an employee may continue membership of the medical aid scheme. Upon a member's death-in-service or death-in-retirement, the surviving dependants may continue membership of the medical aid scheme

Subsidy Arrangements

The Municipality subsidises the medical aid contributions of retired members in the following way:
Existing continuation members (pensioners) and their dependants will receive a 60% (4 members) or 70% (7 members) subsidy with no maximum (CAP)

The most recent actuarial valuation of the plan and the present value of the defined benefit obligation were carried out at 30 June 2015 by Matlotlo Consultants and Actuaries.

The amounts recognised in the statement of financial position are as follows:

Carrying value

Present value of the defined benefit obligation-wholly unfunded	3 337 000	3 978 000
Present value of the defined benefit obligation-partly or wholly funded	3 337 000	3 380 007
	6 674 000	7 358 007

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	3 978 000	3 916 000
Exchange differences	(646 000)	54 000
Benefits paid (Employer Contribution)	(336 000)	(325 000)
Interest cost	341 000	333 000
	3 337 000	3 978 000

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Figures in Rand	2015	2014
13. Employee benefit obligations (continued)		
Key assumptions used		
Assumptions used at the reporting date:		
Discount rates used	9,15 %	8,94 %
Expected rate of return on assets	- %	7,05 %
Expected rate of return on reimbursement rights	8,58 %	8,05 %
Actual return on reimbursement rights	- %	0,82 %
Salary inflation rates per annum	8,08 %	- %

Discount rate assumption

GRAP 25 defines the determination of the Discount rate assumption to be used as follows:

"The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve."

The discount rate was therefore set as the yield of the R209 South African government bond as at the valuation date. The actual yield on the R209 bond was sourced from the RMB Global Markets website on the 30th of June 2015.

Medical Aid Inflation

The medical aid inflation rate was set with reference to the past relationship between CPI and medical aid contribution rate Inflation. The underlying future rate of consumer price index inflation (CPI inflation) has been derived from the relationship between current conventional government bond yields (R2048) and current index-linked bond yields (R2048).

South Africa has experienced high health care cost inflation in recent years. The annualised compound rates of increase for the last ten years show that registered medical aid schemes contribution inflation outstripped general CPI by almost 3% year on year. These increases were not sustainable and an assumption has been made that medical aid contribution increases would out-strip general inflation by 1% per annum over the foreseeable future. The previous valuation assumed general inflation + 1.5% for medical inflation.

Mortality Rates

Mortality post-employment (for pensioners) has been based on the PA (90) ultimate mortality tables. No explicit assumption was made about additional mortality or health care costs due to AIDS.

Future subsidies can be expected to increase in line with medical inflation. It has been assumed that medical inflation will exceed general inflation by 1.5% per annum. A gap of between 1.5% and 2.0% is considered to be acceptable. Given the current market indicators, a larger differential would eventually force some members to select a less expensive option and have set the gap at 1.5% p.a.

Spouses and Dependants

It was assumed that there would be no dependent children and where necessary it was assumed that female spouses would be five years younger than their male spouses at retirement and vice versa.

Withdrawal

It was assumed that there would be no withdrawals of members.

Valuation of Assets

As at the valuation date, the medical aid liability of the Municipality was unfunded, i.e. no dedicated assets have been set aside to meet this liability. Therefore no assets were considered as part of the valuation.

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14. Housing Development Fund

The municipality closed the bank account on 31 January 2014 and transferred the amount to the current bank account.

-	156 314
-	(156 314)
-	-

15. Other financial liabilities

At amortised cost

Development Bank of South Africa

411 629 545 551

The interest rate on the different loans varies between 8.78% & 12%. Installments are payable six monthly at the end of December and June or September and March each year. The loans are redeemable on 30 September 2017 and 30 June 2027.

Non-current liabilities

At amortised cost

411 629 545 551

Defaults and breaches

A court judgement received on 03 August 2010 instructed the municipality to settle the liability. The municipality will not in the short term make any payments with regards to this liability. This is due to the fact that this matter is sub judice and it is expected that this liability of R61,801,863 (2013: R54,638,122) will be reduced to zero or removed in the next financial year.

16. Payables from exchange transactions

Trade payables	99 416 283	67 488 923
Retentions	4 970 670	4 525 343
Accrued leave pay	3 278 980	3 380 007
Other Creditors	1 819 549	13 064 952
	109 485 482	88 459 225

The municipality defaulted on the payment of suppliers within 30 days. The average term of payment of suppliers for the current year was 339 days (2013: 377 days).

The terms were not renegotiated before the financial statements were authorised for issue.

Debtors with credit balances

Included in Consumer Debtors are credit balances amounting to R 3,838,045 (2013: R2,230,030). This related to payments made in advance. Refer to note 8 on consumer debtors

17. Consumer deposits

Electricity	1 280 315	1 152 332
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No guarantees are held in lieu of Electricity deposits.

Ventersdorp Local Municipality

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18. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Municipal Infrastructure Grant (MIG)	6 351 513	7 289 329
PMU - Municipal Infrastructure Grant	(466 164)	68 248
Municipal Systems Improvement Grant (MSIG)	755 290	-
Municipal Finance Grant (MFG)	863 682	-
Department of Water Affairs Grant (DWA)	(1 550 891)	2 184 441
Integrated National Electrification Program Grant	4 667 504	-
Library Grant	418 617	270 002
Public Work Program Grant	607 613	45 718
Local Government Grant	2 183 429	2 183 429
Fire Department Subsidy	-	-
	13 830 593	12 041 167

Movement during the year

Balance at the beginning of the year	12 041 167	20 139 871
Additions during the year	32 505 851	52 747 000
Income recognition during the year	(30 568 795)	(45 835 704)
Income recognition during the year	(147 630)	(15 010 000)
	13 830 593	12 041 167

The municipality has complied with all the conditions set by the transferring organ of State or the conditions set by the other institutions who made allocations to the municipality. The unspent portion of conditional allocations are disclosed as unspent conditional grants on the face value of the Statement of Financial Position of the municipality.

The amounts will be recognised as revenue when conditions have been met.

See note 23 for reconciliation of grants received from National/Provincial Government and if any grants were withheld due to unfilled conditions.

19. Provisions

Reconciliation of provisions - 2015

	Opening Balance	Additions	Total
Landfill site rehabilitation	2 293 690	5 733 669	70 162 684
Long service awards	2 448 000	236 000	2 684 000
	4 741 690	5 969 669	72 846 684

Reconciliation of provisions - 2014

	Opening Balance	Additions	Utilised during the year	Total
Landfill site rehabilitation	4 672 994	-	(2 379 304)	2 293 690
Long service awards	2 068 000	380 000	-	2 448 000
	6 740 994	380 000	(2 379 304)	4 741 690

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19. Provisions (continued)

Landfill site rehabilitation

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites to a condition whereby it complies to the permit requirements issued in terms of the Mineral and Petroleum Resources Development Act, (Act, 28 of 2002). The provision was determined by an independent expert as at 30 June 2015 and approximates the discounted expected future cash flows using reasonable estimation techniques.

The discount rate used for the landfill sites is based on a bond rate that matures as close as possible to the future date of the rehabilitation, adjusted by 1.5% for the circumstances of the Municipality.

The final restoration of landfill sites are expected to be over a period of 10 years, being the estimated useful lives of landfill sites. No uncertainties were listed in the engineer's report. The certainty and the timing of the outflow of these liabilities are uncertain and the amounts disclosed are the possible outflow amounts.

Long service Awards

The most recent actuarial valuation of the liability and present value were carried out at 30 June 2014 by ZAQ Consultants and Actuaries. This is the first time the Municipality commissioned a valuation of this Long Service Awards and the value of the liability as at 30 June 2013 was based on the 2014 data (removing new members that joined over the year) and the standard 2013 set of assumptions.

The amount recognised in the statement of financial position are as follows:

Carrying value

Opening balance	2 068 000	2 448 000
Contributions by plan participants	-	243 000
Acquired on acquisition of controlled entity	-	54 064
Benefits paid	-	(76 064)
Interest cost	159 000	130 000
	2 227 000	2 799 000

Key assumptions used

Assumptions used on the last valuation - 30 June 2015:

Discount rates used	9,15 %	7,96 %
Expected rate of return on assets	- %	6,33 %
Expected rate of return on reimbursement rights	8,08 %	7,33 %
Actual return on reimbursement rights	- %	0,59 %

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19. Provisions (continued)

Discount Rate

GRAP 25 defines the determination of the Discount rate assumption to be used as follows:

"The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve."

The discount rate was therefore set as the yield of the R208 South African government bond as at the valuation date. The actual yield on the R208 bond was sourced from the RMB Global Markets website on the 30th of June 2014.

Normal Salary Inflation Rate

The underlying future rate of consumer price index inflation (CPI inflation) was derived from the relationship between current conventional bond yields (R208) and current index-linked bond yields (R197). The actual yield on the R208 and R197 government bonds was sourced from the RMB Global Markets website. The assumed rate of salary inflation was set as the assumed value of CPI plus 1%. The salaries used in the valuation include an assumed increase on 01 July 2014 of 6.79%. The next salary increase was assumed to take place on 01 July 2015.

Promotional Salary Increase Rates

In addition to the normal salary inflation rate, the following promotional salary increases were assumed:

Age Band	Promotional Increase
20 - 24	5%
25 - 29	4%
30 - 34	3%
35 - 39	2%
40 - 44	1%
45 and over	0%

Average Retirement Age

The average retirement age for all active employees was assumed to be 63 years. This assumption implicitly allows for ill-health and early retirements.

Normal Retirement Age

The normal retirement age (NRA) for all active employees was assumed to be 65 years.

Mortality Rates

Mortality before retirement has been based on the SA 85-90 mortality tables. These are the most commonly used tables in the industry.

Withdrawal Decrements

The assumed rates of withdrawal from service is set out below:

Age Band	Withdrawal Rate Males	Withdrawal Rate Females
20 - 24	16%	24%
25 - 29	12%	18%
30 - 34	10%	15%
35 - 39	8%	10%
40 - 44	6%	6%
45 - 49	4%	4%
50 - 54	2%	2%
55 - 59	1%	1%
60 +	0%	0%

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19. Provisions (continued)

Sensitivity Analysis

The liability has been recalculated using the following assumptions:

- 20% increase/decrease in the assumed level of withdrawal rates
- 1% increase/decrease in the Normal Salary cost inflation

Withdrawal rate

	-20% Withdrawal rate	Valuation Assumption	+20% Withdrawal rate
Total Accrued Liability	R 2,625,000	R 2,448,000	R 2,293,000
Current Service Cost	R 299,000	R 270,000	R 246,000
Interest Cost	R 214,000	R 199,000	R 186,000

Normal Salary inflation

	-1% Normal salary inflation	Valuation Assumption	+1% Normal salary inflation
Total Accrued Liability	R 2,269,000	R 2,448,000	R 2,649,000
Current Service Cost	R 247,000	R 270,000	R 297,000
Interest Cost	R 184,000	R 199,000	R 216,000

20. Revenue

Service charges	50 147 343	43 859 228
Rental of facilities and equipment	70 421	100 542
Licences and permits	2 644 793	2 629 818
Other income	682 797	506 519
Interest received - investment	642 670	687 059
Fines	31 370 047	5 817 636
Property rates	8 683 903	5 458 424
Government grants & subsidies	87 831 249	96 438 072
	182 073 223	155 497 298

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	50 147 343	43 859 228
Rental of facilities and equipment	70 421	100 542
Licences and permits	2 644 793	2 629 818
Other income	682 797	506 519
Interest received - investment	642 670	687 059
	54 188 024	47 783 166

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue		
Fines	31 370 047	5 817 636
Property rates	8 683 903	5 458 424
Transfer revenue		
Government grants & subsidies	87 831 249	96 438 072
	127 885 199	107 714 132

Ventersdorp Local Municipality

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Figures in Rand	2015	2014
21. Property rates		
Rates received		
Property rates	8 683 903	5 458 424
Valuations		
Churches	25 647 000	16 789 000
Commercial	185 123 450	111 751 000
Industrial	2 346 000	34 377 000
Municipal	18 220 000	34 260 000
Recreational	34 786 000	27 532 000
Residential	675 395 500	616 598 930
Small holdings and farms	4 841 807 200	1 457 141 073
State	68 482 000	385 760
	5 851 807 150	2 298 834 763

Valuations on land and buildings are performed every four years. The last general valuation came into effect on 1 July 2010 and is effective until 30 June 2014. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

A general rate of R0.0143 cent (2013: R0.0041 cent) in the Rand on both the land and improvement value of residential properties is applied to property valuations to determine assessment rates. The first R50,000 (2013: R 15,000) of property value is exempted for residential properties.

2015

From 1 July 2014 the basic rates were adjusted as follows:

- R0.0013 on the value of rateable agriculture property
- R0.0051 on the value of rateable residential property
- R0.0153 on the value of rateable government property
- R0.0153 on the value of rateable business property
- R0.0113 on the value of rateable day care centre property
- R0.0153 on the value of rateable vacant property

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From 1 July 2012 the basic rates were adjusted as follows:

- R0.00147 on the value of rateable agriculture property
- R0.0048 on the value of rateable residential property
- R0.0147 on the value of rateable government property
- R0.0128 on the value of rateable business property
- R0.0111 on the value of rateable day care centre property
- R0.0051 on the value of rateable vacant property

The new general valuation will be implemented on 01 July 2014.

22. Service charges

Sale of electricity	37 015 508	34 457 972
Sale of water	3 472 519	2 367 876
Solid waste	3 851 717	2 720 636
Sewerage and sanitation charges	5 807 599	4 312 744
	50 147 343	43 859 228

Ventersdorp Local Municipality

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Figures in Rand	2015	2014
23. Government grants and subsidies		
Equitable share	54 925 000	49 829 000
Municipal Finance Grant (MFG)	936 318	1 625 580
Municipal Infrastructure Grant (MIG)	20 541 816	17 747 752
Municipal Systems Improvement Grant (MSIG)	178 710	884 170
PMU - Municipal Infrastructure Grant (MIG)	534 412	669 220
Subsidy Fire Department	-	2 100 000
Department of Water Affairs (DWA)	4 195 183	8 303 510
Government Grant - Provincial Cleaning Campaign	-	5 666
Public Works Program Grant	826 105	954 282
Library Grant	171 385	316 262
Kenneth Kaunda District Municipality Grant	2 000 000	583 544
Kenneth Kaunda District Municipality - DBSA Loan Repayment	189 824	189 824
Integrated National Electrification Program	3 332 496	12 590 097
Local Government Grant	-	639 165
	87 831 249	96 438 072

Equitable Share

In terms of the Division of Revenue Act, the annual equitable share allocated to the municipality is an unconditional grant. A portion of this grant is used to subsidise the provision of basic services to indigent community members in line with national policy. In terms of the Constitution, this grant is used to subsidise the provision of basic and administrative services to community members.

All registered indigent consumers of municipal services receive a monthly subsidy of R 138.15 (2013: R 130.33), if the household income is below R 2,440 (2013: R2,240) per month, which is funded from the grant.

Current-year receipts	54 925 000	49 829 000
Conditions met - transferred to revenue	(54 925 000)	(49 829 000)
	-	-

Municipal Finance Grant (MFG)

Current-year receipts	1 800 000	1 650 000
Conditions met - transferred to revenue	(936 318)	(1 625 580)
Other	-	(24 420)
	863 682	-

The purpose of the grant is to promote and support reforms to financial management and the implementation of the MFMA.

Ventersdorp Local Municipality

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23. Government grants and subsidies (continued)

Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	7 289 329	15 514 553
Current-year receipts	19 604 000	22 394 379
Conditions met - transferred to revenue	(20 541 816)	(17 747 752)
Treasury withheld	(2 300 000)	(12 871 851)
	4 051 513	7 289 329

Conditions still to be met - remain liabilities (see note 18).

The grant is used to supplement municipal capital budgets to eradicate backlogs in municipal infrastructure utilised in providing basic services for the benefit of poor households. The grants was used to construct roads and sewerage infrastructure as part of the upgrading of informal settlement areas.

PMU - Municipal Infrastructure Grant

Balance unspent at beginning of year	68 248	546 547
Current-year receipts	-	692 621
Conditions met - transferred to revenue	(534 412)	(669 220)
Other	-	(501 700)
	(466 164)	68 248

Conditions still to be met - remain liabilities (see note 18).

The grant is to be utilised for operating cost of the Project Management Unit (PMU) in regards to the Municipal Infrastructure Grant (MIG).

Municipal Systems Improvement Grant (MSIG)

Balance unspent at beginning of year	-	458 247
Current-year receipts	934 000	890 000
Conditions met - transferred to revenue	(178 710)	(884 170)
	-	(464 077)
	755 290	-

The purpose of the grant is to assist municipalities in building in-house capacity to perform their functions and stabilise institutional and governance systems as required in the Municipal Systems Act, and related Legislation, policies and the local government turnaround strategy.

Department of Water Affairs (DWA)

Balance unspent at beginning of year	2 184 441	287 951
Current-year receipts	459 851	10 200 000
Conditions met - transferred to revenue	(4 195 183)	(8 303 510)
	(1 550 891)	2 184 441

Conditions still to be met - remain liabilities (see note 18).

The purpose of the grant is to fund bulk connector and internal infrastructure for water services at a basic level of service.

Ventersdorp Local Municipality

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23. Government grants and subsidies (continued)

Government Grant - Provincial Cleaning Campaign

Balance unspent at beginning of year	-	5 666
Conditions met - transferred to revenue	-	(5 666)
	-	-

The grant is to be utilised for operating cost in regards to the Provincial Cleaning Campaign.

Integrated National Electrification Program

Balance unspent at beginning of year	-	238 049
Current-year receipts	8 000 000	13 500 000
Conditions met - transferred to revenue	(3 332 496)	(12 590 097)
Other	-	(1 147 952)
	4 667 504	-

The grant is used to address the electrification backlog of permanently occupied residential dwellings, the installation of infrastructure and rehabilitation of electrification infrastructure.

Library Grant

Balance unspent at beginning of year	270 002	266 264
Current-year receipts	320 000	320 000
Conditions met - transferred to revenue	(171 385)	(316 262)
	418 617	270 002

Conditions still to be met - remain liabilities (see note 18).

The grant is to be utilised for programme costs of the the library and other costs as per the library proposal.

Kenneth Kaunda District Municipality Grant

Current-year receipts	2 000 000	583 544
Conditions met - transferred to revenue	(2 000 000)	(583 544)
	-	-

Kenneth Kaunda District Municipality - DBSA loan repayment

Current-year receipts	189 824	189 824
Conditions met - transferred to revenue	(189 824)	(189 824)
	-	-

The purpose of the grant is to help the municipality with regards to the repayment of the DBSA loans.

Ventersdorp Local Municipality

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Figures in Rand	2015	2014
23. Government grants and subsidies (continued)		
Public Works Program Grant		
Balance unspent at beginning of year	45 718	-
Current-year receipts	1 388 000	1 000 000
Conditions met - transferred to revenue	(826 105)	(954 282)
	607 613	45 718

Conditions still to be met - remain liabilities (see note 18).

The grant is to be utilised for salary expenses for the expanded Public Works Program in accordance with the national cleaning campaign.

Local Government Grant

Balance unspent at beginning of year	2 183 429	2 822 594
Conditions met - transferred to revenue	-	(639 165)
	2 183 429	2 183 429

Conditions still to be met - remain liabilities (see note 18).

The grant is to be utilised for public infrastructure expenses. The funds were provided by Local Government.

Fire Department Subsidy

Current-year receipts	-	2 100 000
Conditions met - transferred to revenue	-	(2 100 000)
	-	-

The Grant was utilised to purchase two fire trucks for the Municipality

Changes in level of government grants

Based on the allocations set out in the Division of Revenue Act, (Act 5 of 2013), no significant changes in the level of government grant funding are expected over the forthcoming 2 financial years.

Ventersdorp Local Municipality

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24. Other income		
Administration fees	40 269	38 558
Advertisements sign income	2 352	2 302
Clearance of Stands	258	1 031
Clearance certificates	8 018	5 564
Connection fees - Electricity	1 466	1 422
Connection fees - Water	6 045	4 081
Grave fees	114 052	113 719
Labour - New connection	10 538	7 282
Lost books	323	364
Lost books	-	65
Medical Aid - Continued members income	91 434	91 661
Membership card fees	1 016	2 415
Photo copies	78 876	2 927
Prepaid fines received	5 000	9 079
Re-connection fees	300	7 052
Renting - Land	13 892	20 726
Sale of top soil	6 318	4 689
Selling of stand	152 000	-
Skills development claim refund	-	80 653
Stock surplus	82 838	-
Tender documents	47 095	88 300
Town planning / building plans	15 743	18 651
Valuation certificates	4 964	5 978
	682 797	506 519
25. Investment revenue		
Interest revenue		
Bank	72 146	65 989
Interest earned on investments	570 524	621 070
	642 670	687 059
	-	-
	642 670	687 059
26. Employee related costs		
Basic	26 018 498	22 841 818
Acting allowances	644 458	760 726
Bonus	1 751 444	1 502 719
Long-term benefits - incentive scheme	236 000	-
Company contributions (UIF, Medical aid & Pension)	7 572 500	6 635 932
Employee Assistant Programmes	42 872	-
Other short term costs	176 120	145 841
Overtime payments	1 920 671	2 096 473
Travel, motor car, accommodation, subsistence and other allowances	2 559 797	2 337 049
	40 922 360	36 320 558
Remuneration of Municipal Manager		
Annual Remuneration	707 184	871 451
Car Allowance	307 944	134 069
Cellphone Allowance	10 200	-
Performance Bonuses	-	9 600
	1 015 128	1 015 120

The Acting Municipal Manager was appointed on six months contract starting on 22 April 2015.

Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2015

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Figures in Rand	2015	2014
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26. Employee related costs (continued)

Remuneration of Chief Finance Officer

Annual Remuneration	502 572	617 479
Car Allowance	115 356	108 018
Performance Bonuses	45 132	82 602
Contributions to UIF, Medical and Pension Funds	239 604	12 000
	902 664	820 099

The Chief Financial Officer (CFO) was appointed in January 2013. There were two acting officials between the period July 2012 to December 2012 who are fulltime employees of the municipality. The first official was acting from January 2011 to 24 July 2012 while the second official was acting from the 25 July 2012 to December 2012.

Remuneration of executive director - Corporate and Human Resources (Corporate Services)

Annual Remuneration	418 872	502 872
Car Allowance	182 820	171 199
Contributions to UIF, Medical and Pension Funds	300 960	171 199
Performance Bonuses	-	9 600
	902 652	854 870

Remuneration of executive director - Engineering Services

Annual Remuneration	496 464	268 815
Car Allowance	135 852	67 166
Contributions to UIF, Medical and Pension Funds	225 216	59 757
Performance Bonuses	45 132	4 800
	902 664	400 538

The Director of Engineering services contract expired on the 30 September 2013. The position was vacant to the 06 April 2014 when he was re-appointed.

Remuneration of executive director - Community Development

Annual Remuneration	407 100	419 198
Car Allowance	180 528	150 133
Performance Bonuses	45 132	142 914
Contributions to UIF, Medical and Pension Funds	269 892	-
Other	-	8 307
	902 652	712 245

The Director of Community Development's contract expired on 18 September 2013. She was re-appointed on 10 December 2013.

Remuneration of executive director - Strategic Planning & LED

Annual Remuneration	368 880	491 761
Car Allowance	182 820	171 199
Performance Bonuses	33 540	171 199
Contributions to UIF, Medical and Pension Funds	317 424	9 600
	902 664	843 759

Ventersdorp Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2015	2014
27. Remuneration of Councillors		
Mayor	536 331	698 694
Allowance vehicle councillors	871 913	570 753
Allowance Councillors	1 730 236	1 677 621
Allowance cell phone	245 199	229 548
	3 383 679	3 176 616
Details relating to remuneration of Councillors are disclosed in note 38.		
In-kind benefits		
The Mayor is full-time. She is provided with an office and secretarial support at the cost of the Council.		
The Mayor has use of a Council owned vehicle for official duties and has a full time driver.		
28. Increase/(decrease) in provisions		
Leave provision	692 290	1 296 442
Landfill site provision	67 868 994	(2 379 304)
	68 561 284	(1 082 862)
29. Depreciation and amortisation		
Property, plant and equipment	26 040 335	27 561 452
30. Finance costs		
Interest DBSA	55 683	70 851
Interest and penalties	35 909	52
Interest - Eskom	5 435 884	3 188 548
	5 527 476	3 259 451
31. Provision for bad debts		
Increase/(Decrease) in provision for bad debts	5 440 079	2 171 039
32. Contracted services		
Services rendered - BCX Support	740 014	593 752
Services rendered - Debt manager	145 047	85 517
Services rendered - Meter readings	311 124	253 674
Services rendered - Other Contractors	1 616 504	1 227 827
Services rendered - TMT	3 669 717	3 039 189
	6 482 406	5 199 959
33. Bulk purchases		
Electricity	36 849 364	33 070 988
Water	1 963 257	1 318 646
	38 812 621	34 389 634

Ventersdorp Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2015	2014
34. General expenses		
Advertising	32 710	154 996
Auditors remuneration	3 044 459	2 700 496
Bank charges	131 817	192 964
Contributions to post employment benefit	(641 000)	442 137
Education programmes	20 492	19 071
Electricity	1 047 982	762 584
Entertainment	130 579	69 165
Fuel	1 270 209	1 670 039
IDP document	12 028	31 601
Insurance	637 887	422 285
LED	59 210	88 098
Law amendments	1 074	6 414
Legal fees	2 456 017	2 078 628
Library programmes	171 385	117 125
Licence fee and licenses cards	216 640	207 250
MFG project	886 621	1 300 975
Material and Equipment	402 608	366 437
Other expenses	8 311 649	20 693 885
PMU Expenses	534 412	641 559
Penalty Fees / Cost for late payments	768 173	714 033
Postage and courier	319 647	271 266
Printing and stationery	481 761	473 500
Refuse	27 058	24 700
Rental of equipment	45 722	525 353
Rental of vehicles	24 549	-
Sewerage and waste disposal	26 412	21 805
Skills development levy	386 996	352 529
Stipend for ward committee members	327 600	-
Stock surplus	45 334	145 420
Subsistence and travelling expenses	517 618	563 319
Telephone	696 442	714 596
Training and Development	119 956	184 437
Valuation cost	102 288	-
Water	12 396	4 801
Workmans compensation	224 968	213 096
	22 853 699	36 174 564

Ventersdorp Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2015	2014
35. Cash generated from operations		
(Deficit) surplus	(40 770 983)	5 918 878
Adjustments for:		
Depreciation and amortisation	26 040 335	27 561 452
Gain on sale of assets and liabilities	11 461 168	8 308 492
Fair value adjustments	(7 066)	(2 699 679)
Bad debts provision	5 440 079	2 171 039
Movements in retirement benefit assets and liabilities	(641 000)	62 137
Movements in provisions	68 104 994	(1 999 304)
Fair Value Adjustment	-	2 699 679
Movement other - Financial Assets	11 645 654	(124 906 800)
Movement in Housing development fund	-	(156 313)
	-	(938 472)
	-	(1 015 168)
Inventories	21 199 474	263 424
Receivables from exchange transactions	(804 352)	609 405
Consumer debtors	(13 950 139)	(11 251 093)
Other receivables from non-exchange transactions	(59 053 973)	(9 540 293)
Other asset	7 879 582	121 011 600
Payables from exchange transactions	21 026 261	32 869 441
VAT	(1 206 312)	(4 128 097)
Unspent conditional grants and receipts	1 789 426	(8 098 704)
Consumer deposits	127 983	40 567
Other liability 1	(36 902 032)	-
Current portion of Long Term Liability	1 940 691	1 940 691
Unsold Property Held for sale	25 440 864	(8 308 492)
	15 565 993	127 757 760
36. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	12 638 437	-
• Investment property	3 250 324	328 565
• Biological assets that form part of an agricultural activity	-	4 189 388
• Intangible assets	-	478 117
	15 888 761	4 996 070
Not yet contracted for and authorised by accounting officer		
• Property, plant and equipment	5 600 000	2 844 590
• Investment property	-	1 010 659
• Biological assets that form part of an agricultural activity	-	14 459 570
	5 600 000	18 314 819

Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014
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37. Contingencies

Contingent liabilities

The entity is being sued for some of the following pending claims. All the claims are being contested based on legal advice. The certainty and the timing of the outflow of these liabilities is uncertain. The amounts for 2013 have been restated from R59,989,108 to R64,192,970 as an amount of R4,203,862 was included in the register in the INCA longterm loan dispute. A court judgement was received on the 03 August 2010 instructing the municipality to settle the liability. The abovementioned court judgement was rescinded on 14 October 2014. The amounts disclosed below are possible outflows amounts:

Breach of Contracts in respect of contractual agreements in various incidents	12 000 000	6 000 000
Claims by individuals due to damage of property in various incidents	1 280 515	480 515
INCA Loan agreements- Pay arrears in the form of installment rental agreement	-	75 000 000
Probable legal costs to be incurred for various matters being handled by various attorneys	7 782 326	7 782 328
Rental of Agreement Breach	10 000 000	-
	31 062 841	89 262 843

38. Related parties

Members of key management

PROPERTY MANAGEMENT OFFICER
COUNCILLOR
MUNICIPAL MANAGER

Name
Name
MRS C M A STEYN
MR M MATINYANE
MR BJ MAKADE

Loans key management and close member of family

Loans advanced	Closing balance
152 511	50 837
152 511	50 837
152 511	50 837
152 511	50 837
152 511	50 837
152 511	54 484
152 511	50 837
152 511	50 837
152 511	52 183
1 372 599	462 526

Remuneration of Councillors - 2015

	Councillor Allowance	Telephone Allowance	Travel Allowance	Total
Cllr Phoyane CN	518 535	20 816	151 115	690 466
Cllr Jones AL	156 118	13 334	45 335	214 787
Cllr Links JL	190 087	11 269	37 778	239 134
Cllr Matinyane M	190 087	13 334	45 335	248 756
Cllr Matinyane MW	190 087	13 334	45 335	248 756
Cllr Matome JM	190 087	13 334	45 335	248 756
Cllr Mjulen MJ	190 567	13 334	45 335	249 236
Cllr Moabi NS	190 087	13 334	45 335	248 756
Cllr Mogwata C	190 087	13 334	45 335	248 756
Cllr Motladiile MJ	190 087	13 334	45 335	248 756
Cllr Motshabi MT	190 087	13 334	45 335	248 756
Cllr Qankase VW	190 087	13 334	45 335	248 756
	2 576 003	165 425	642 243	3 383 671

Key management and Councillors

No transactions took place between the entity and key management personnel or their close family members during the reporting period. Details relating to remuneration are disclosed in note 26 for key management and above for Councillors.

Ventersdorp Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2015	2014
39. Prior period errors		
In terms of GRAP 3 - Accounting policies, Changes in Estimates and Errors::		
Statement of financial position		
Property, plant and equipment		
Land & buildings 13/14 correction	54 855 068	-
Infrastructure additions 13/14 correction	65 219 097	-
WIP Infrastructure additions 13/14 correction	20 917 999	-
WIP opening balance correction 13/14	(124 624)	-
Intangible assets reduced by Microsoft packages - prior year correction	(251 494)	-
Inventory		
Unsold properties held for resale - prior year error correction	(21 722 060)	-
Investments Property	(15 761 509)	-
Payables from exchange transactions		
Creditor previous year	(148 947)	-
Receivables from non exchange transactions		
Traffic Fines 2013/2014 - (IGRAP IMPLEMENTATION)	18 451 016	-
Statement of Financial Performance		
Depreciation on Infrastructure 13/14 correction	3 189 007	-
Depreciation on Land & Buildings 13/14 correction	25 384 959	-
Depreciation on Infrastructure 13/14 correction	22 199 856	-
Additional depreciation due to Change in unit rates 1314 correction	5 203 942	-

Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

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40. Risk management

Financial risk management

This note presents information about the municipality's exposure to each of the financial risks below and the entity's objectives, policies and processes for measuring and managing financial risks. Further quantitative disclosures are included throughout the Annual Financial Statements.

The Council has overall responsibility for the establishment and oversight of the entity's risk management framework.

The municipality's audit committee oversees the monitoring of compliance with the municipality's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the municipality. The audit committee is assisted in its oversight role by the municipality's internal audit function.

The municipality monitors and manages the financial risks relating to the operations of the municipality through internal risk reports which analyse exposures by degree and magnitude of risks. The municipality has exposure to the following financial risks from its use of financial instruments:

- credit risk
- liquidity risk; and
- market risk (including interest rate risk and price risk).

The municipality seeks to minimise the effects of these risks in accordance with the municipality's policies approved by the Council. The policies provide written principles on foreign exchange risk, interest rate risk, credit risk and in the investment of excess liquidity.

Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The municipality does not enter into or trade in financial instruments for speculative purposes.

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The municipality has not defaulted on external loans, payables and lease commitment payments and no re-negotiation of terms were made on any of these instruments.

Impairment losses - all of the municipality's financial assets have been reviewed for indicators of impairment. Certain receivables were found to be impaired and a provision has been recorded accordingly. The impaired receivables are mostly due from customers defaulting on service costs levied by the municipality.

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

30 June 2015	Less than 1 year	Between 1 and 2 years
Other Financial Liabilities	-	411 629
Payables from exchange transactions	109 485 482	-
At 30 June 2014	Less than 1 year	Between 1 and 2 years
Other Financial Liabilities	2 592 566	545 551
Payables from exchange transactions	88 459 221	-

Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2015

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40. Risk management (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2015	2014
Cash and Cash equivalents	42 759	9 285 767
Receivables from exchange Transactions	937 449	133 097
Receivables from Non Exchange Transactions	68 594 266	9 540 293
Consumer Debtors	43 944 697	35 434 635

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the entity's revenue or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

There has been no change, since the previous financial year to the entity's exposure to market risks or the manner in which it manages and measures the risk.

Market risk consists of the following risks:

1) Interest rate risk

Interest rate risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes. The entity's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer term borrowings are therefore usually at fixed rates. The entity's exposures to interest rates on financial assets and financial liabilities are detailed below:

At year-end, financial instruments exposed to interest rate risk were as follows:

- Call and notice deposits

The entity's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the economic entity to cash flow interest rate risk. Borrowings issued at fixed rates expose the entity to fair value interest rate risk. Entity policy is to make as far as possible use of fixed rate instruments. During 2013 and 2012, the economic entity's borrowings at variable rate were denominated in the Rand.

Financial instrument	Carrying amount	
	2015	2014
Available for Sale Investments- Listed Shares	70 830	15 801
Available for Sale Investments- Old Mutual	139 679	120 000
Call Deposits	24 028	8 211 334
Development Bank of South Africa loans	411 629	545 551
Financial instrument	Fair Value	
	2015	2014
Available for Sale Investments- Listed Shares	70 830	66 289
Available for Sale Investments- Old Mutual	139 679	137 338

Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2015

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Figures in Rand	2015	2014
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41. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. However the municipality is under financial distress which has impacted on the ability to pay creditors when due and may result in suppliers not supplying on credit.

The financial indicators has deteriorated from the prior year and the reasons for the financial distress are:

1. The inability of the municipality to collect revenue and effectively bill revenue from debtors and spending outside the budget; .
2. National Treasury has withheld a portion of the equitable share portion to the municipality in the current year.
3. National Treasury did not provide roll-over relief of unspent grants at year end which are repayable.
4. Payables at year end exceeded available cash resources which may result in difficulties in settling its current obligations.

The municipality has addressed the above significant uncertainties through the following measures:

1. The demarcation board's intention to incorporate the municipality into Tlowke Local Municipality will assist in leveraging economies of scale, thus reducing the cost structures and improving debtor's collection processes.
2. The MEC for local government has placed the municipality under administration. A comprehensive plan to turn around the financial situation of the municipality has subsequently been drafted.

The plan provides detailed process to ensure the continued viability of the municipality. The municipality considers the interventions implemented to be able to ensure the municipality will be able to continue as a going concern.

42. Unauthorised expenditure

Unauthorised expenditure	47 158 724	24 447 125
Current Year	61 901 116	22 711 599
	109 059 840	47 158 724

Details of unauthorised expenditure – current year

-

Refer to Appendix E(1) and E(2) for more details..

43. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure	37 487 203	26 393 701
Current Year	5 595 452	3 188 548
	-	4 961
	-	7 163 741
	-	547 222
	-	161 850
	-	11 180
	-	16 000
	43 082 655	37 487 203
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-

Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2015

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Figures in Rand	2015	2014
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43. Fruitless and wasteful expenditure (continued)

-	-
-	-

The 2013 figures have been restated from R13,928,188 to 26,393,701 as an amount of R12,465,513 in regards to penalty interest for INCA was not correctly included.

44. Irregular expenditure

Opening balance	115 177 949	65 175 366
Add: Irregular Expenditure - current year	128 825	50 002 583
	115 306 774	115 177 949

Analysis of expenditure awaiting condonation per age classification

Current year	-	50 002 583
Prior years	-	65 175 366
	-	115 177 949

45. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	500 000	400 000
Amount paid - current year	(500 000)	(400 000)
Due and payable	-	-

Contributions to organised local government consists of annual subscriptions paid to SALGA.

Audit fees

Opening balance	10 592 248	8 896 085
Current year subscription / fee	5 529 786	4 396 659
Amount paid - current year	(4 443 110)	(2 700 496)
	11 678 924	10 592 248

PAYE and UIF

Current year subscription / fee	4 836 905	4 669 573
Amount paid - current year	(4 836 905)	(4 669 573)
	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	7 323 427	9 748 748
Amount paid - current year	(7 323 427)	(9 748 748)
	-	-

Ventersdorp Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2015	2014
45. Additional disclosure in terms of Municipal Finance Management Act (continued)		
VAT		
Opening balance	5 984 859	4 614 330
	-	6 114 530
	-	(616 380)
VAT Receivable	(5 597 737)	6 552 752
	-	5 473 732
	387 122	22 138 964

VAT receivable shown in note 7.

All VAT returns have been submitted by the due date throughout the year.

Ventersdorp Local Municipality

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45. Additional disclosure in terms of Municipal Finance Management Act (continued)

Distribution Losses

Material bulk water and bulk electricity losses during the year under review were as follows and are not recoverable:

The main reason for incurring water losses relates to burst water pipes, leaks and unmetered water sites.

The main reason for incurring electricity losses relates to heat dissipation when electricity flows through the conductors, illegal connections, meter tampering and incorrect metering.

Water distribution losses

	Kilo liter	Cost per kilo liter	Total loss in Rand
Unaccounted water - 2015	10 097 357	0,1800	1 788 057
Unaccounted water - 2014	11 227 689	0,0777	872 242

Electricity distribution losses

	KWh	Cost per KWh	Total loss in Rand
Distribution losses - 2015	17 228 872	0,7300	11 078 463
Distribution losses - 2014	20 550 280	0,7125	14 642 509

46. Events after the reporting date

A cash receipt's audit was performed on the sale of pre-paid electricity based on alleged allegations of financial misconduct by certain officials. At 30 June 2015 the investigation was still in progress. A report on the aforementioned investigation was submitted to the municipality on 27 July 2015.

47. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

Buses and gym equipment were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations.

Ventersdorp Local Municipality

Appendix B

Analysis of property, plant and equipment as at 30 June 2015

Cost/Revaluation							Accumulated depreciation						
Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Work In Progress Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand

Land and buildings

Land (Separate for AFS purposes)	2 351 000	-	-	-	-	-	2 351 000	-	-	-	-	-	2 351 000	
Buildings (Separate for AFS purposes)	18 160 300	-	-	-	-	-	18 160 300	(5 773 930)	-	-	(396 461)	-	(6 170 391)	11 989 909
	20 511 300	-	-	-	-	-	20 511 300	(5 773 930)	-	-	(396 461)	-	(6 170 391)	14 340 909

Infrastructure

Electricity Network	185 776 566	-	-	-	-	8 270 303	194 046 869	(78 581 625)	-	-	(9 394 664)	-	(87 976 289)	106 070 580
Roads and Stormwater	3 234 538	-	-	-	-	34 240 731	37 475 269	(1 735 279)	-	-	(147 616)	-	(1 882 895)	35 592 374
Sanitation Network	79 111 993	-	-	-	-	1 377 406	80 489 399	(36 386 204)	-	-	(1 507 886)	-	(37 894 090)	42 595 309
Water Supply Network	103 464 760	-	-	-	-	14 680 593	118 145 353	(50 101 869)	-	-	(6 648 343)	-	(56 750 212)	61 395 141
	371 587 857	-	-	-	-	58 569 033	430 156 890	(166 804 977)	-	-	(17 698 509)	-	(184 503 486)	245 653 404

Ventersdorp Local Municipality

Appendix B

Analysis of property, plant and equipment as at 30 June 2015

Cost/Revaluation

Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Work In Progress Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Other assets														
Computer Equipment	1 328 742	436 800	-	-	-	-	1 765 542	(683 420)	-	-	(347 751)	-	(1 031 171)	734 371
Furniture & Fittings	2 030 822	253 796	-	-	-	-	2 284 618	(861 399)	-	-	(380 890)	-	(1 242 289)	1 042 329
Office Equipment	707 153	160 940	-	-	-	-	868 093	(364 414)	-	-	(171 840)	-	(536 254)	331 839
Kitchen Appliances	35 315	15 031	-	-	-	-	50 346	(19 793)	-	-	(4 947)	-	(24 740)	25 606
Motor Vehicles	10 783 728	1 127 933	-	-	-	-	11 911 661	(3 406 260)	-	-	(1 197 741)	-	(4 604 001)	7 307 660
	14 885 760	1 994 500	-	-	-	-	16 880 260	(5 335 286)	-	-	(2 103 169)	-	(7 438 455)	9 441 805
Total property plant and equipment														
Land and buildings	20 511 300	-	-	-	-	-	20 511 300	(5 773 930)	-	-	(396 461)	-	(6 170 391)	14 340 909
Infrastructure	371 587 857	-	-	-	-	58 569 033	430 156 890	(166 804 977)	-	-	(17 698 509)	-	(184 503 486)	245 653 404
Other assets	14 885 760	1 994 500	-	-	-	-	16 880 260	(5 335 286)	-	-	(2 103 169)	-	(7 438 455)	9 441 805
	406 984 917	1 994 500	-	-	-	58 569 033	467 548 450	(177 914 193)	-	-	(20 198 139)	-	(198 112 332)	269 436 118
Investment properties														
Investment property	2 350 519	-	-	-	-	-	2 350 519	-	-	-	-	-	-	2 350 519
	2 350 519	-	-	-	-	-	2 350 519	-	-	-	-	-	-	2 350 519
Total														
Land and buildings	20 511 300	-	-	-	-	-	20 511 300	(5 773 930)	-	-	(396 461)	-	(6 170 391)	14 340 909
Infrastructure	371 587 857	-	-	-	-	58 569 033	430 156 890	(166 804 977)	-	-	(17 698 509)	-	(184 503 486)	245 653 404
Other assets	14 885 760	1 994 500	-	-	-	-	16 880 260	(5 335 286)	-	-	(2 103 169)	-	(7 438 455)	9 441 805
Investment properties	2 350 519	-	-	-	-	-	2 350 519	-	-	-	-	-	-	2 350 519
	409 335 436	1 994 500	-	-	-	58 569 033	469 898 969	(177 914 193)	-	-	(20 198 139)	-	(198 112 332)	271 786 637

Ventersdorp Local Municipality
Appendix C

Segmental analysis of property, plant and equipment as at 30 June 2015
Cost/Revaluation **Accumulated Depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Work In Progress Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Depreciation Rand	Closing Balance Rand	Carrying value Rand
Municipality														
Executive & Council/Mayor and Council	768 898	156 347	-	-	-	-	925 245	(147 687)	-	-	-	(104 933)	(252 620)	672 625
Finance & Admin/Finance	6 448 202	471 300	-	-	-	-	6 919 502	(3 126 121)	-	-	-	(973 037)	(4 099 158)	2 820 344
Planning and Development/Economic Development/Plan	70 579	12 214	-	-	-	-	82 793	(32 207)	-	-	-	(18 516)	(50 723)	32 070
Comm. & Social/Libraries and archives	21 091 808	257 175	-	-	-	-	21 348 983	(6 061 254)	-	-	-	(536 793)	(6 598 047)	14 750 936
Housing	23 821	3 778	-	-	-	-	27 599	(9 529)	-	-	-	(5 964)	(15 493)	12 106
Public Safety/Police	398 191	25 633	-	-	-	-	423 824	(146 676)	-	-	-	(52 414)	(199 090)	224 734
Electricity /Electricity Distribution	133 096	18 859	-	-	-	-	151 955	(71 940)	-	-	-	(26 267)	(98 207)	53 748
Public Works	378 050 320	1 049 195	-	-	-	58 569 033	437 668 548	(168 318 780)	-	-	-	(18 480 214)	(186 798 994)	250 869 554
	406 984 915	1 994 501	-	-	-	58 569 033	467 548 449	(177 914 194)	-	-	-	(20 198 138)	(198 112 332)	269 436 117
Total														
Municipality	406 984 915	1 994 501	-	-	-	58 569 033	467 548 449	(177 914 194)	-	-	-	(20 198 138)	(198 112 332)	269 436 117
	406 984 915	1 994 501	-	-	-	58 569 033	467 548 449	(177 914 194)	-	-	-	(20 198 138)	(198 112 332)	269 436 117

Appendix D

	Prior Year	Current Year
Segmental Statement of Financial Performance for the year ended		

Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand	Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
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Municipality
Municipal Owned Entities
Other charges

Ventersdorp Local Municipality

Appendix F

Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies delayed / withheld				Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for noncompliance
		Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun		Yes/ No	
Equitable share	National Government	-	-	-	-	-	-	-	-	-	-	-	-	None	Yes	N/A
Municipal Finance Grant (MFG)	National Government	-	-	-	-	-	-	-	-	-	-	-	-	None	Yes	N/A
Municipal Infrastructure Grant (MIG)	National Government	8 757 150	11 859 000	2 485 000	-	1 745 231	5 245 881	4 681 258	9 007 865	-	-	-	-	National Treasury withheld grants due to that the municipality did not utilise all the MIG Grant for 2010/11.	No	Did not utilise the grant with the grant conditions.
Municipal Systems Improvement Grant (MSIG)	National Government	-	-	-	-	-	-	-	-	-	-	-	-	None	Yes	N/A
PMU - Municipal Infrastructure Grant (MIG)	National Government	1 215 850	-	-	-	174 174	125 659	95 590	322 706	-	-	-	-	None	Yes	N/A
Library Grant	Provincial Government	-	-	-	-	-	-	-	-	-	-	-	-	None	Yes	N/A
Public Works Program Grant	National Government	-	-	-	-	-	-	-	-	-	-	-	-	None	Yes	N/A
Local Government Grant	Provincial Government	-	-	-	-	-	-	-	-	-	-	-	-	None	Yes	N/A
		9 973 000	11 859 000	2 485 000	-	1 919 405	5 371 540	4 776 848	9 330 571	-	-	-	-			

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.